

REQUEST FOR PROPOSALS

FEASIBILITY STUDY FOR THE

BULGARIA: UNITED MEDICAL EAD EXPANSION PROJECT

Submission Deadline: **4:30 PM**
LOCAL TIME
NOVEMBER 18, 2009

Submission Place: **UNITED MEDICAL EAD**
22, ZLATEN ROG STR., FL. 10
LOZENETS
1407 SOFIA
BULGARIA

TEL.: +359 2 917 49 70
FAX: +359 2 917 49 73

SEALED PROPOSALS SHALL BE CLEARLY MARKED AND RECEIVED PRIOR TO THE TIME AND DATE SPECIFIED ABOVE. PROPOSALS RECEIVED AFTER SAID TIME AND DATE WILL NOT BE ACCEPTED OR CONSIDERED.

REQUEST FOR PROPOSALS

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Section 1: INTRODUCTION

The U.S. Trade and Development Agency (USTDA) has provided a grant in the amount of US\$268,823 to United Medical EAD (the "Grantee") in accordance with a grant agreement dated September 11, 2009 (the "Grant Agreement"). The Grantee is a private company which owns four medical facilities in Bulgaria and is one of the largest private providers of health insurance in the country. The Grantee seeks to expand its network of medical facilities, and therefore is considering the development of two new hospitals and additional clinics in Bulgaria. The Feasibility Study ("Study") announced herewith is to provide the Grantee with an analysis of the viability of these projects, a strategy to increase its insurance business, and a medical equipment and disposables plan for each type of proposed facility. The Grant Agreement is attached at Annex 4 for reference. The Grantee is now soliciting technical proposals from qualified U.S. firms to provide expert consulting services to perform the Study.

1.1 BACKGROUND SUMMARY

A lack of adequate high quality public healthcare services in Bulgaria has led to heightened demand for improved access to all types of medical services. The continued development of private sector medical facilities and services is an essential component of an expanded and improved nationwide healthcare system. The Grantee has developed a successful model for clinical services, and seeks to expand its clinic base and add hospital services.

The Grantee is the first integrated private healthcare and insurance company in Bulgaria, and is the fastest-growing health insurance company in the country, public or private. It is active in the following four principal lines of business: 1) preventive and occupational medicine, 2) medical diagnostics, 3) medical treatment and 4) health insurance. The Grantee currently owns four medical facilities in Sofia, Plovdiv and Varna.

A background Definitional Mission is provided for reference in Annex 2.

1.2 OBJECTIVE

The objective of the Study is to facilitate development of the Grantee's short-term expansion planning, create standards for accreditation, and provide standardization for the Grantee's marketing criteria, facility design, and equipment requirements. More specifically, the Study is to examine the following:

- The development of one hospital of 150 beds located in Sofia;
- The development of one hospital of 80 to 100 beds located in Varna;
- The expansion of UMG's medical clinic network throughout Bulgaria;
- The development of standard facilities designs for each class of facility (Diagnostic Center, Ambulatory Surgical Center and Hospital) that the Grantee plans to develop;

- The development of a medical equipment and supply stocking plan for each class of medical facility that the Grantee plans to develop;
- The development of a business plan to grow the Grantee's health insurance business and improve coordination between its health insurance unit and its medical service providers; and
- Industry best practices in the U.S., including the identification of relevant training resources for the Grantee's medical and administrative professionals.

The Terms of Reference (TOR) for this Study are attached as part of Annex 4.

1.3 PROPOSALS TO BE SUBMITTED

Technical proposals are solicited from interested and qualified U.S. firms. The administrative and technical requirements as detailed throughout the Request for Proposals (RFP) will apply. Specific proposal format and content requirements are detailed in Section 3.

The amount for the contract has been established by a USTDA grant of US\$268,823. **The USTDA grant of US\$268,823 is a fixed amount. Accordingly, COST will not be a factor in the evaluation and therefore, cost proposals should not be submitted.** Upon detailed evaluation of technical proposals, the Grantee shall select one firm for contract negotiations.

1.4 CONTRACT FUNDED BY USTDA

In accordance with the terms and conditions of the Grant Agreement, USTDA has provided a grant in the amount of US\$268,823 to the Grantee. The funding provided under the Grant Agreement shall be used to fund the costs of the contract between the Grantee and the U.S. firm selected by the Grantee to perform the TOR. The contract must include certain USTDA Mandatory Contract Clauses relating to nationality, taxes, payment, reporting, and other matters. The USTDA nationality requirements and the USTDA Mandatory Contract Clauses are attached at Annexes 3 and 4, respectively, for reference.

Section 2: INSTRUCTIONS TO OFFERORS

2.1 PROJECT TITLE

The project is called Bulgaria: United Medical EAD Expansion Project.

2.2 DEFINITIONS

Please note the following definitions of terms as used in this RFP.

The term "Request for Proposals" means this solicitation of a formal technical proposal, including qualifications statement.

The term "Offeror" means the U.S. firm, including any and all subcontractors, which responds to the RFP and submits a formal proposal and which may or may not be successful in being awarded this procurement.

2.3 DEFINITIONAL MISSION REPORT

USTDA sponsored a Definitional Mission to address technical, financial, sociopolitical, environmental and other aspects of the proposed project. A copy of the report is attached at Annex 2 for background information only. Please note that the TOR referenced in the report are included in this RFP as part of Annex 4.

2.4 EXAMINATION OF DOCUMENTS

Offerors should carefully examine this RFP. It will be assumed that Offerors have done such inspection and that through examinations, inquiries and investigation they have become familiarized with local conditions and the nature of problems to be solved during the execution of the Study.

Offerors shall address all items as specified in this RFP. Failure to adhere to this format may disqualify an Offeror from further consideration.

Submission of a proposal shall constitute evidence that the Offeror has made all the above mentioned examinations and investigations, and is free of any uncertainty with respect to conditions which would affect the execution and completion of the Study.

2.5 PROJECT FUNDING SOURCE

The Study will be funded under a grant from USTDA. The total amount of the grant is not to exceed US\$268,823.

2.6 RESPONSIBILITY FOR COSTS

Offeror shall be fully responsible for all costs incurred in the development and submission of the proposal. Neither USTDA nor the Grantee assumes any obligation as a result of the issuance of this RFP, the preparation or submission of a proposal by an Offeror, the evaluation of proposals, final selection or negotiation of a contract.

2.7 TAXES

Offerors should submit proposals that note that in accordance with the USTDA Mandatory Contract Clauses, USTDA grant funds shall not be used to pay any taxes, tariffs, duties, fees or other levies imposed under laws in effect in the Host Country.

2.8 CONFIDENTIALITY

The Grantee will preserve the confidentiality of any business proprietary or confidential information submitted by the Offeror, which is clearly designated as such by the Offeror, to the extent permitted by the laws of the Host Country.

2.9 ECONOMY OF PROPOSALS

Proposal documents should be prepared simply and economically, providing a comprehensive yet concise description of the Offeror's capabilities to satisfy the requirements of the RFP. Emphasis should be placed on completeness and clarity of content.

2.10 OFFEROR CERTIFICATIONS

The Offeror shall certify (a) that its proposal is genuine and is not made in the interest of, or on behalf of, any undisclosed person, firm, or corporation, and is not submitted in conformity with, and agreement of, any undisclosed group, association, organization, or corporation; (b) that it has not directly or indirectly induced or solicited any other Offeror to put in a false proposal; (c) that it has not solicited or induced any other person, firm, or corporation to refrain from submitting a proposal; and (d) that it has not sought by collusion to obtain for itself any advantage over any other Offeror or over the Grantee or USTDA or any employee thereof.

2.11 CONDITIONS REQUIRED FOR PARTICIPATION

Only U.S. firms are eligible to participate in this tender. However, U.S. firms may utilize subcontractors from the Host Country for up to 20 percent of the amount of the USTDA grant for specific services from the TOR identified in the subcontract. USTDA's nationality requirements, including definitions, are detailed in Annex 3.

2.12 LANGUAGE OF PROPOSAL

All proposal documents shall be prepared and submitted in English, and only English.

2.13 PROPOSAL SUBMISSION REQUIREMENTS

The **Cover Letter** in the proposal must be addressed to:

**MR. ANDREY MARKOV
EXECUTIVE DIRECTOR
UNITED MEDICAL E.A.D.
22, ZLATEN ROG STR., FL. 10
LOZENETS
1407 SOFIA
BULGARIA**

**TEL.: +359 2 917 49 70
FAX: +359 2 917 49 73**

An Original and eight (8) copies of your proposal must be received at the above address no later than 4:30 PM, on NOVEMBER 18, 2009.

Proposals may be either sent by mail, overnight courier, or hand-delivered. Whether the proposal is sent by mail, courier or hand-delivered, the Offeror shall be responsible for actual delivery of the proposal to the above address before the deadline. Any proposal received after the deadline will be returned unopened. The Grantee will promptly notify any Offeror if its proposal was received late.

Upon timely receipt, all proposals become the property of the Grantee.

2.14 PACKAGING

The original and each copy of the proposal must be sealed to ensure confidentiality of the information. The proposals should be individually wrapped and sealed, and labeled for content including "original" or "copy number x"; the original and eight (8) copies should be collectively wrapped and sealed, and clearly labeled.

Neither USTDA nor the Grantee will be responsible for premature opening of proposals not properly wrapped, sealed and labeled.

2.15 AUTHORIZED SIGNATURE

The proposal must contain the signature of a duly authorized officer or agent of the Offeror empowered with the right to bind the Offeror.

2.16 EFFECTIVE PERIOD OF PROPOSAL

The proposal shall be binding upon the Offeror for NINETY (90) days after the proposal due date, and Offeror may withdraw or modify this proposal at any time prior to the due date upon written request, signed in the same manner and by the same person who signed the original proposal.

2.17 EXCEPTIONS

All Offerors agree by their response to this RFP announcement to abide by the procedures set forth herein. No exceptions shall be permitted.

2.18 OFFEROR QUALIFICATIONS

As provided in Section 3, Offerors shall submit evidence that they have relevant past experience and have previously delivered advisory, feasibility study and/or other services similar to those required in the TOR, as applicable.

2.19 RIGHT TO REJECT PROPOSALS

The Grantee reserves the right to reject any and all proposals.

2.20 PRIME CONTRACTOR RESPONSIBILITY

Offerors have the option of subcontracting parts of the services they propose. The Offeror's proposal must include a description of any anticipated subcontracting arrangements, including the name, address, and qualifications of any subcontractors. USTDA nationality provisions apply to the use of subcontractors and are set forth in detail in Annex 3. The successful Offeror shall cause appropriate provisions of its contract, including all of the applicable USTDA Mandatory Contract Clauses, to be inserted in any subcontract funded or partially funded by USTDA grant funds.

2.21 AWARD

The Grantee shall make an award resulting from this RFP to the best qualified Offeror, on the basis of the evaluation factors set forth herein. The Grantee reserves the right to reject any and all proposals received and, in all cases, the Grantee will be the judge as to whether a proposal has or has not satisfactorily met the requirements of this RFP.

2.22 COMPLETE SERVICES

The successful Offeror shall be required to (a) provide local transportation, office space and secretarial support required to perform the TOR if such support is not provided by the Grantee; (b) provide and perform all necessary labor, supervision and services; and (c) in accordance with best technical and business practice, and in accordance with the requirements, stipulations, provisions and conditions of this RFP and the resultant contract, execute and complete the TOR to the satisfaction of the Grantee and USTDA.

2.23 INVOICING AND PAYMENT

Deliverables under the contract shall be delivered on a schedule to be agreed upon in a contract with the Grantee. The Contractor may submit invoices to the designated Grantee Project Director in accordance with a schedule to be negotiated and included in the contract. After the Grantee's approval of each invoice, the Grantee will forward the invoice to USTDA. If all of the requirements of USTDA's Mandatory Contract Clauses are met, USTDA shall make its respective disbursement of the grant funds directly to the U.S. firm in the United States. All payments by USTDA under the Grant Agreement will be made in U.S. currency. Detailed provisions with respect to invoicing and disbursement of grant funds are set forth in the USTDA Mandatory Contract Clauses attached in Annex 4.

Section 3: PROPOSAL FORMAT AND CONTENT

To expedite proposal review and evaluation, and to assure that each proposal receives the same orderly review, all proposals must follow the format described in this section.

Proposal sections and pages shall be appropriately numbered and the proposal shall include a Table of Contents. Offerors are encouraged to submit concise and clear responses to the RFP. Proposals shall contain all elements of information requested without exception. Instructions regarding the required scope and content are given in this section. The Grantee reserves the right to include any part of the selected proposal in the final contract.

The proposal shall consist of a technical proposal only. A cost proposal is NOT required because the amount for the contract has been established by a USTDA grant of US\$268,823, which is a fixed amount.

Offerors shall submit one (1) original and eight (8) copies of the proposal. Proposals received by fax cannot be accepted.

Each proposal must include the following:

- Transmittal Letter,
- Cover/Title Page,
- Table of Contents,
- Executive Summary,
- Company Information,
- Organizational Structure, Management Plan, and Key Personnel,
- Technical Approach and Work Plan, and
- Experience and Qualifications.

Detailed requirements and directions for the preparation of the proposal are presented below.

3.1 EXECUTIVE SUMMARY

An Executive Summary should be prepared describing the major elements of the proposal, including any conclusions, assumptions, and general recommendations the Offeror desires to make. Offerors are requested to make every effort to limit the length of the Executive Summary to no more than five (5) pages.

3.2 COMPANY INFORMATION

For convenience, the information required in this Section 3.2 may be submitted in the form attached in Annex 6 hereto.

3.2.1 Company Profile

Provide the information listed below relative to the Offeror's firm. If the Offeror is proposing to subcontract some of the proposed work to another firm(s), the information below must be provided for each subcontractor.

1. Name of firm and business address (street address only), including telephone and fax numbers.
2. Year established (include predecessor companies and year(s) established, if appropriate).
3. Type of ownership (e.g. public, private or closely held).
4. If private or closely held company, provide list of shareholders and the percentage of their ownership.
5. List of directors and principal officers (President, Chief Executive Officer, Vice-President(s), Secretary and Treasurer; provide full names including first, middle and last). Please place an asterisk (*) next to the names of those principal officers who will be involved in the Study.
6. If Offeror is a subsidiary, indicate if Offeror is a wholly-owned or partially-owned subsidiary. Provide the information requested in items 1 through 5 above for the Offeror's parent(s).
7. Project Manager's name, address, telephone number, e-mail address and fax number.

3.2.2 Offeror's Authorized Negotiator

Provide name, title, address, telephone number, e-mail address and fax number of the Offeror's authorized negotiator. The person cited shall be empowered to make binding commitments for the Offeror and its subcontractors, if any.

3.2.3 Negotiation Prerequisites

1. Discuss any current or anticipated commitments which may impact the ability of the Offeror or its subcontractors to complete the Study as proposed and reflect such impact within the project schedule.
2. Identify any specific information which is needed from the Grantee before commencing contract negotiations.

3.2.4 Offeror's Representations

If any of the following representations cannot be made, or if there are exceptions, the Offeror must provide an explanation.

1. Offeror is a corporation *[insert applicable type of entity if not a corporation]* duly organized, validly existing and in good standing under the laws of the State of _____. The Offeror has all the requisite corporate power and authority to conduct its business as presently conducted, to submit this proposal, and if selected, to execute and deliver a contract to the Grantee for the performance of the Study. The Offeror is not debarred, suspended, or to the best of its knowledge or belief, proposed for debarment, or ineligible for the award of contracts by any federal or state governmental agency or authority. The Offeror has included, with this proposal, a certified copy of its Articles of Incorporation, and a certificate of good standing issued within one month of the date of its proposal by the State of _____.
2. Neither the Offeror nor any of its principal officers have, within the three-year period preceding this RFP, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a federal, state or local government contract or subcontract; violation of federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, violating federal or state criminal tax laws, or receiving stolen property.
3. Neither the Offeror, nor any of its principal officers, is presently indicted for, or otherwise criminally or civilly charged with, commission of any of the offenses enumerated in paragraph 2 above.
4. There are no federal or state tax liens pending against the assets, property or business of the Offeror. The Offeror, has not, within the three-year period preceding this RFP, been notified of any delinquent federal or state taxes in an amount that exceeds \$3,000 for which the liability remains unsatisfied. Taxes are considered delinquent if (a) the tax liability has been fully determined, with no pending administrative or judicial appeals; and (b) a taxpayer has failed to pay the tax liability when full payment is due and required.
5. The Offeror has not commenced a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law. The Offeror has not had filed against it an involuntary petition under any bankruptcy, insolvency or similar law.

The selected Offeror shall notify the Grantee and USTDA if any of the representations included in its proposal are no longer true and correct at the time of its entry into a contract with the Grantee. USTDA retains the right to request an updated certificate of good standing from the selected Offeror.

3.3 ORGANIZATIONAL STRUCTURE, MANAGEMENT, AND KEY PERSONNEL

Describe the Offeror's proposed project organizational structure. Discuss how the project will be managed including the principal and key staff assignments for this Study. Identify the Project Manager who will be the individual responsible for this project. The Project Manager shall have the responsibility and authority to act on behalf of the Offeror in all matters related to the Study.

Provide a listing of personnel (including subcontractors) to be engaged in the project, including both U.S. and local subcontractors, with the following information for key staff: position in the project; pertinent experience, curriculum vitae; other relevant information. If subcontractors are to be used, the Offeror shall describe the organizational relationship, if any, between the Offeror and the subcontractor.

A manpower schedule and the level of effort for the project period, by activities and tasks, as detailed under the Technical Approach and Work Plan shall be submitted. A statement confirming the availability of the proposed project manager and key staff over the duration of the project must be included in the proposal.

3.4 TECHNICAL APPROACH AND WORK PLAN

Describe in detail the proposed Technical Approach and Work Plan (the "Work Plan"). Discuss the Offeror's methodology for completing the project requirements. Include a brief narrative of the Offeror's methodology for completing the tasks within each activity series. Begin with the information gathering phase and continue through delivery and approval of all required reports.

Prepare a detailed schedule of performance that describes all activities and tasks within the Work Plan, including periodic reporting or review points, incremental delivery dates, and other project milestones.

Based on the Work Plan, and previous project experience, describe any support that the Offeror will require from the Grantee. Detail the amount of staff time required by the Grantee or other participating agencies and any work space or facilities needed to complete the Study.

3.5 EXPERIENCE AND QUALIFICATIONS

Provide a discussion of the Offeror's experience and qualifications that are relevant to the objectives and TOR for the Study. If a subcontractor(s) is being used, similar information must be provided for the prime and each subcontractor firm proposed for the project. The Offeror shall provide information with respect to relevant experience and qualifications of key staff proposed. The Offeror shall include letters of commitment from the individuals proposed confirming their availability for contract performance.

As many as possible but not more than six (6) relevant and verifiable project references must be provided for each of the Offeror and any subcontractor, including the following information:

Project name,
Name and address of client (indicate if joint venture),
Client contact person (name/ position/ current phone and fax numbers),
Period of Contract,
Description of services provided,
Dollar amount of Contract, and
Status and comments.

Offerors are strongly encouraged to include in their experience summary primarily those projects that are similar to or larger in scope than the Study as described in this RFP.

Section 4: AWARD CRITERIA

Individual proposals will be initially evaluated by a Procurement Selection Committee of representatives from the Grantee. The Committee will then conduct a final evaluation and completion of ranking of qualified Offerors. The Grantee will notify USTDA of the best qualified Offeror, and upon receipt of USTDA's no-objection letter, the Grantee shall promptly notify all Offerors of the award and negotiate a contract with the best qualified Offeror. If a satisfactory contract cannot be negotiated with the best qualified Offeror, negotiations will be formally terminated. Negotiations may then be undertaken with the second most qualified Offeror and so forth.

The selection of the Contractor will be based on the following criteria:

Technical Proposal (35 points total)

- Technical approach for developing the project (15 points)
- Technical approach for evaluating constraints of the project (economically and healthcare best practices) (10 points)
- Technical approach for evaluating healthcare constraints (10 points)

Personnel and Management Plan (35 points total)

- Experience and expertise of the Team Leader proposed in developing (25 points)
- Experience and expertise of the Team personnel in fulfilling the various functions of each component of the program (10 points)

Firm Technical Capability and Past Performance (30 points total)

- Experience analyzing commercial projects in the healthcare industry (10 points)
- Experience working with local companies, communities and providing technical assistance and training (10 points)
- Demonstrated excellence in developing training materials and conducting training (10 points)

Proposals that do not include all requested information may be considered non-responsive.

Price will not be a factor in contractor selection.

ANNEX 1

MR. ANDREY MARKOV; EXECUTIVE DIRECTOR; UNITED MEDICAL EAD; 22, ZLATEN ROG STR., FL. 10; LOZENETS; 1407 SOFIA; BULGARIA; TEL.: +359 2 917 49 70; FAX: +359 2 917 49 73

CODE R – BULGARIA: UNITED MEDICAL EAD EXPANSION PROJECT

POC: John Kusnierek, USTDA, 1000 Wilson Boulevard, Suite 1600, Arlington, VA 22209-3901, Tel: (703) 875-4357, Fax: (703) 875-4009. Bulgaria: United Medical EAD Expansion Project. The United Medical EAD ("Grantee") invites submission of qualifications and proposal data (collectively referred to as the "Proposal") from interested U.S. firms that are qualified on the basis of experience and capability to develop a feasibility study ("Study") on the expansion of the Grantee's private medical facilities and health insurance network in Bulgaria. The Grantee seeks to expand its network of medical facilities, and therefore is considering the development of two new hospitals and additional clinics in Bulgaria.

A lack of adequate high quality public healthcare services in Bulgaria has led to heightened demand for improved access to all types of medical services. The continued development of private sector medical facilities and services is an essential component of an expanded and improved nationwide healthcare system. The Grantee has developed a successful model for clinical services, and seeks to expand its clinic base and add hospital services.

The Grantee is the first integrated private healthcare and insurance company in Bulgaria, and is the fastest-growing health insurance company in the country, public or private. It is active in the following four principal lines of business: 1) preventive and occupational medicine, 2) medical diagnostics, 3) medical treatment and 4) health insurance. The Grantee currently owns four medical facilities in Sofia, Plovdiv and Varna.

The Study will provide technical, economic and financial feasibility data leading to the development of the Grantee's next growth phase. It will develop organizational and marketing plans, facility standards and equipment specifications for each class of medical facility planned by the Grantee, and will provide the basis for continued expansion of the Grantee's services throughout Bulgaria. Additionally the Study will plan for ongoing procurements of medical disposables, sterile packs and pharmaceuticals, and will develop a business plan to grow the Grantee's health insurance business and better integrate it with the Grantee's medical services business.

The U.S. firm selected will be paid in U.S. dollars from a \$268,823 grant to the Grantee from the U.S. Trade and Development Agency (USTDA).

A detailed Request for Proposals (RFP), which includes requirements for the Proposal, the Terms of Reference, and a background definitional mission/desk study report are available from USTDA, at 1000 Wilson Boulevard, Suite 1600, Arlington, VA 22209-3901. To request the RFP in PDF format, please go to: <https://www.ustda.gov/USTDA/FedBizOpps/RFP/rfpform.asp>. Requests for a mailed hardcopy version of the RFP may also be faxed to the IRC, USTDA at 703-875-4009. In

the fax, please include your firm's name, contact person, address, and telephone number. Some firms have found that RFP materials sent by U.S. mail do not reach them in time for preparation of an adequate response. Firms that want USTDA to use an overnight delivery service should include the name of the delivery service and your firm's account number in the request for the RFP. Firms that want to send a courier to USTDA to retrieve the RFP should allow one hour after faxing the request to USTDA before scheduling a pick-up. Please note that no telephone requests for the RFP will be honored. Please check your internal fax verification receipt. Because of the large number of RFP requests, USTDA cannot respond to requests for fax verification. Requests for RFPs received before 4:00 PM will be mailed the same day. Requests received after 4:00 PM will be mailed the following day. Please check with your courier and/or mail room before calling USTDA.

Only U.S. firms and individuals may bid on this USTDA financed activity. Interested firms, their subcontractors and employees of all participants must qualify under USTDA's nationality requirements as of the due date for submission of qualifications and proposals and, if selected to carry out the USTDA-financed activity, must continue to meet such requirements throughout the duration of the USTDA-financed activity. All goods and services to be provided by the selected firm shall have their nationality, source and origin in the U.S. or host country. The U.S. firm may use subcontractors from the host country for up to 20 percent of the USTDA grant amount. Details of USTDA's nationality requirements and mandatory contract clauses are also included in the RFP.

Interested U.S. firms should submit their Proposal in English directly to the Grantee by 4:30 pm on November 18, 2009 at the above address. Evaluation criteria for the Proposal are included in the RFP. Price will not be a factor in contractor selection, and therefore, cost proposals should NOT be submitted. The Grantee reserves the right to reject any and/or all Proposals. The Grantee also reserves the right to contract with the selected firm for subsequent work related to the project. The Grantee is not bound to pay for any costs associated with the preparation and submission of Proposals.

ANNEX 2

The complete version of this report is available from USTDA's Library - please reference USTDA Activity Number 2009-81004A.

DEFINITIONAL MISSION REPORT

HEALTH SECTOR

ROMANIA AND BULGARIA



(TDA-CO2009810002)
Attention: Mr. Tyrone W. Johnson
The Peoples Group, Ltd.
2200 Wilson Boulevard, Ste. 102-221
Arlington, Virginia 22201
Contact: Frank W. Naylor, Jr., Team Leader
Tel: (540) 668 6684; FAX: (703) 562 0779
Email: fwnaylor@thepeoplesgroup.net

April 22, 2009



This report was funded by the U.S. Trade and Development Agency (USTDA), an agency of the U.S. Government. The opinions, findings, conclusions, or recommendations expressed in this document are those of the author(s) and do not necessarily represent the official position or policies of USTDA. USTDA makes no representation about, nor does it accept responsibility for, the accuracy or completeness of the information contained in this report.

Mailing and Delivery Address: 1000 Wilson Boulevard, Suite 1600, Arlington, VA 22209-3901
Phone: 703-875-4357 • Fax: 703-875-4009 • Web site: www.ustda.gov • email: info@ustda.gov



THE U.S. TRADE AND DEVELOPMENT AGENCY

The U.S. Trade and Development Agency (USTDA) advances economic development and U.S. commercial interests in developing and middle income countries. The agency funds various forms of technical assistance, feasibility studies, training, orientation visits and business workshops that support the development of a modern infrastructure and a fair and open trading environment.

USTDA's strategic use of foreign assistance funds to support sound investment policy and decision-making in host countries creates an enabling environment for trade, investment and sustainable economic development. Operating at the nexus of foreign policy and commerce, USTDA is uniquely positioned to work with U.S. firms and host countries in achieving the agency's trade and development goals. In carrying out its mission, USTDA gives emphasis to economic sectors that may benefit from U.S. exports of goods and services.

Mailing and Delivery Address: 1000 Wilson Boulevard, Suite 1600, Arlington, VA 22209-3901
Phone: 703-875-4357 • **Fax:** 703-875-4009 • **Web site:** www.ustda.gov • **email:** info@ustda.gov

ACRONYMS

APHIS	Animal and Plant Health Inspection Service
CAPEX	Capital Expenditure
CMU	Central Medical Urirea
DM	Definitional Mission
EU	European Union
Ex-Im Bank	Export-Import Bank of the United States
FCH	First City Hospital, Sofia
GE	General Electric Corporation
GOB	Government of Bulgaria
GOR	Government of Romania
ICT	Information and Communication Technologies
IFC	International Finance Corporation
JCAHO	Joint Commission on Accreditation of Healthcare Organizations
JCIA	Joint Commission International Accreditation
MOH	Ministry of Health
MOS	Municipality of Sofia
OPEX	Operating Expenses
OPIC	Overseas Private Investment Corporation
RFP	Request for Proposal
ROI	Return on Investment
SEEF II	Southeast Europe Equity Fund
TOR	Terms of Reference
TPG	The Peoples Group Ltd
USDA	United States Department of Agriculture
UMC	Urirea Medical Centers
UMG	United Medical Group
U.S.	United States
USTDA	United States Trade and Development Agency

I. Executive Summary

The United States Trade and Development Agency (USTDA) engaged The Peoples Group Ltd (TPG) for a Definitional Mission (DM) to support or improve its decision-making relative to the funding of projects and activities in the Healthcare Sector of Romania and Bulgaria. TPG has assessed and sought to justify whether or not USTDA should provide funding for studies, technical assistance, or other trade capacity building activities, and assess any alternative study or activities TPG sees as viable options for USTDA consideration.

TPG evaluated a total of five public projects and eight private medical projects during the field work part of this DM and has identified two public and two private projects that we believe meet USTDA criteria for potential funding and have the potential to serve as demonstration projects leading to the development of similar projects in both countries in the near future. The fifth project is the privately supported hospice orientation and training project for the Municipality of Sofia.

TPG, based on its team's review of the healthcare sector in Romania and Bulgaria, has identified four projects that are being discussed and recommended as opportunities for USTDA consideration in the following Definitional Mission report:

- 1.) Combined Training and Technical Assistance Project for the Ministries of Health for Romania and Bulgaria addressing Hospital and Medical Facility Accreditation, Medical Protocols, and Patient Safety Issues.
- 2.) Urirea Medical Centers (UMC) Feasibility Study to construct and operate a Hundred Bed Private Acute Care Hospital in Bucharest.
- 3.) United Medical Group (UMG) Feasibility Study to construct and build Two Private Hospitals located in Sofia (150 beds) and Varna (80-100 beds) and supporting Medical Clinics. UMG is headquartered in Sofia
- 4.) First City Hospital (FCH), a Public Hospital owned by the Municipality of Sofia (MOS), Feasibility Study to Renovate and Upgrade the Medical Services provided by this facility.

In addition, at the request of the Director of Public Health for Sofia, TPG has undertaken arranging a privately supported project to provide a orientation and training visit for the Director of Public Health (a physician) and three staff members to visit the Washington Metropolitan area in the fall of 2009 to receive technical assistance from area Hospice

management in the development and operation of hospice facilities for Sofia. Sofia is funding transportation for the group to the U.S.; while in the U.S., the participants will be house guests of board members of the Winchester, Virginia based Blue Ridge Hospice. The Hospice is arranging seminars and orientation visits to their facilities, the facilities of the Capital Region Hospice and other area medical facilities. TPG is providing coordination and management support for the project.

Eldercare and end of life support services are not currently supported by the national healthcare system in Bulgaria and represents a critical area of medical services needed in the country to aid the aging. TPG recognized that the project did not meet USTDA criteria for funding but decided to approach it as a volunteer project working with the heavily volunteer-oriented hospice sector in the U.S. The U.S. hospice industry is an international leader in providing end of life support for the aging and their families.

Current Healthcare Issues:

The TPG team was requested to discuss critical health issues with senior officials at the MOH of each country and to provide briefings to U.S. Embassy staffs addressing the most serious healthcare issues for each country. The governments of both countries have placed a very high priority on improving the quality of healthcare for their citizens. Both the Government of Bulgaria (GOB) and the Government of Romania (GOR) have developed long term plans to achieve these objectives during the next five to ten years. Romania has a new government that is planning to aggressively pursue the objectives of their healthcare plan while Bulgaria is having elections in a few months - but any resulting government is expected to continue an aggressive program of providing quality health services. Both countries have identified a similar set of eight core issues, as well as peripheral issues on which the MOHs are focusing their attention.

USTDA specifically seeks an assessment for the prospects of funding activities that will assist Bulgaria and Romania in upgrading or developing hospital and clinics, either public or private, which will meet EU accreditation and certification standards. In addition reforms in the public healthcare administration and regulatory regimes that will facilitate development of private sector healthcare alternatives are needed in both countries.. Both countries inherited medical delivery systems from the Soviet era that frequently resulted in excess capacity that could not be sustained as public healthcare facilities with the funds the smaller governments had available to allocate to their healthcare delivery systems. Medical professionals were underpaid leading to physicians having to frequently take two jobs to make ends meet financially for their families. Many, particularly in Romania, emigrated to positions in other EU countries. In the years since the transition, inadequate funding resulted in facilities falling into disrepair and medical equipment becoming outdated or inoperable. The countries' regulatory regimes have limited or prevented the development of privately developed and operated medical facilities and private sector health insurance. The quality of healthcare deteriorated and black or grey market medical care emerged as an alternative to the poor quality of care provided at the public hospitals and clinics for those families that could afford the additional cost. As movement towards membership in the EU proceeded, the public

became more and more exposed to the potential benefits of western medical services and pressure on the governments to upgrade medical services has escalated rapidly. Maintenance and upgrading of the old system was fiscally impractical with the limited financial resources available to the governments, which has led to a slow but important movement to permit and even encourage private sector development of medical services and health insurance products.

Motivated by EU compliance directives and concerns about the quality of domestic healthcare, the government of Bulgaria and Romania have undertaken a series of actions to improve public healthcare services and encourage the development of private sector medical services, facilities, and private health insurance products. Both of these objectives will require a substantial expenditure for facility upgrades, well as development of new facilities to replace outdated and uneconomical facilities. Additional funds will be required to procure the equipment needed to provide quality healthcare services on a par with the rest of the EU. While the government budgets are limited, the EU does have funds for upgrading newly accessioned member states and these funds allow up to 60 percent to be purchased equipment and services from non-EU firms.

Eight common issues emerged as critical for improvement in the quality and safety of patient care in these healthcare systems.

1. Accreditation of hospitals and clinical facilities: Neither Romania or Bulgaria have established adequate hospital and clinical accreditation standards and certification procedures to assure a minimum uniform delivery of quality healthcare services for their countries. EU officials have raised the issue of facility closures if credible accreditation procedures are not in place and enforced in the next few years. Unlike the U.S. the EU countries do not have a common accreditation standard. The privately operated Joint Commission on Accreditation of Healthcare Organizations (JCAHO) is widely viewed as the most effective accreditation system for medical facilities in the world. Both ministries have expressed interest in using this outstanding system as a model for Romania and Bulgaria and are seeking technical assistance to develop a strong accreditation standard for their countries.
2. Medical protocols: Formal protocols for medical and surgical procedures have become the standard for providing quality uniform management of healthcare procedures in the U.S. and the EU. Protocols establish a uniform standard of care that when used gives patients assurance that they are receiving the "Best practice" for any medical procedure provided by a physician or medical professional. Historically under the Russian system such protocols have not been the standard for care and many physicians in Romania and Bulgaria have resisted adopting these standards. Again pressure from the west to adopt medical protocols combined with growing public pressure for higher quality medical services has led the MOHs' to seek technical assistance to implement and adopt appropriate western medical protocols as the standard for medical procedures in both countries.

3. Legal and regulatory issues for healthcare: Both countries have continued to review and modify legal and regulatory impediments to the development of private medical services and competitive private health insurance. Both of these services are still in their infancy in Romania and Bulgaria and additional work remains by the governments to achieve an open market for medical services. Additional regulatory and legal work remains to be done with regard to issues of the operation of the public healthcare facilities and their management, patient rights and safety, the role and integration of public and private healthcare insurance, and the interaction of public and private healthcare providers.
4. Private insurance models: The integration of private health insurance with the national insurance programs to provide patients with choices of where they receive care and to provide adequate reimbursement for medical services remains an important issue in both countries and is an impediment to the growth of the private insurance market. Resolving this issue is also an essential step to beginning to shut down the pervasive gray and black market medical services in the two countries. Opponents in the medical industry who want to maintain the status quo gray and black markets have asserted, with some apparent success with the general public, that resolution of this issue will only mean the public has to pay for medical services three times: 1) public insurance payments, 2) private insurance premium payments, and 3) gray or black market payments. This has made much of the medical legal and regulatory reform more difficult and more of a political issue. It is one of the primary reasons for the slow progress in overcoming the problems associated with development of the private insurance sector.
5. Rural healthcare services and facilities: Rural healthcare is perhaps one of the most serious issues facing both Romania and Bulgaria. Medical services in rural areas are limited and typically of poor quality. In some locales there are virtually no healthcare services available and patients must travel long distances for even basic medical testing and care. Romania is experiencing a shortage of physicians to staff outlying facilities and, even with public service requirements for recent medical school graduates, Bulgaria remains unable to provide the needed rural services. Resolution of this serious problem remains difficult with as yet no clear path forward. Legal impediments remain to the training and use of remote physician-supervised Nurse Practitioners or Physicians Assistants, which is one alternative to help solve this serious problem.
6. Facility Planning: Development of design and equipment criteria for hospital and clinical facilities is needed to insure that new and replacement facilities will consistently meet accreditation standards as they are implemented in each country. A second important factor is to provide a standard model to determine the types and quantities of equipment each class of medical facility

requires to insure that inappropriate equipment is not purchased and then underutilized or not used in some facilities while scarce resources limit the ability to provide needed services at other sites in the country.

7. Emergency services: The limited and in some cases prohibited use of trained EMTs (and administering certain drugs or providing certain medical procedures by other than a physician) remains an impediment in both countries and is particularly concerning in light of the high incidences of cardiovascular events. Emergency medical service leaders in both countries are working to change the handling of medical emergencies in the field and to provide for the use of established emergency room protocols and triage procedures that could dramatically reduce the loss of life for medical and injury related trauma that is now common in both countries. Again, these medical leaders are meeting some resistance to these changes from within their own professional communities that has slowed progress in an area of service that could produce significant reductions in the unnecessary loss of life.
8. Hospital administration and management including opportunities for PPP. Both countries recognize a critical need to improve the skills of hospital management and to introduce "best practice" administrative support in these facilities. Quality of care and support services remains a major concern including patient safety issues for virtually all public and some private facilities. With the limited financial resources for public healthcare both governments are pursuing evaluation and development of PPP projects with particular emphasis on high cost areas such as imaging, cardiovascular, cancer and surgical services. Additionally, they are pursuing development of service areas such as food service and laundry services as a means of improving the quality and safety of care in public hospitals.

The TPG team discussed each of these issues with the Romanian and Bulgarian Ministries of Health. The MOHs in turn indicated their current priority projects for technical and training assistance that are reflected in the combined MOH project presented in this report.

IV. Bulgaria Healthcare Projects

A. United Medical Group (UMG)

A.1. Project Description

United Medical Group is the first integrated group of private healthcare and insurance companies in Bulgaria. The group consists of two main functional areas:

- United Medical EAD, and
- United Health Insurance EAD.

United Medical EAD is a Bulgarian commercial entity that is the owner of four medical facilities in Sofia, Plovdiv, and Varna, a company for occupational medicine, and a medical equipment trading company.

United Health Insurance EAD (former Bulgarian Health Insurance Fund) is one of the first private health insurance companies in Bulgaria. The company is one of the fastest growing in the sector with a growth in premium income of more than 300%.

United Medical Group has the following four principal lines of business:

- Health Insurance;
- Preventive and Occupational Medicine;
- Medical Diagnostics, and
- Medical Treatment.

United Medical EAD and United Health Insurance EAD are 100% owned by United Healthcare Bulgaria Sarl, that in turn is majority owned by Southeast Europe Equity Fund II ("SEEF II").

SEEF II is a private equity fund with \$320 million of capital organized in March 2006 to invest exclusively in the Southeast Europe markets of Bulgaria, Romania, the former Yugoslav republics, and Turkey. SEEF II is a successor to SEEF I, a US\$200 million private equity fund organized in November 2000 by Soros Fund Management and the Overseas Private Investment Corporation, which was one of the most successful investment funds in Central and Eastern Europe. SEEF II is managed by Bedminster Capital Management LLC, an asset management firm home based in New Jersey.

UMG has requested a feasibility study to facilitate development of its near term expansion planning and to provide standardization of its marketing criteria, facility

design, equipment requirements and standards for accreditation. Subject to confirmation of the feasibility of the proposed projects UMG advises that SEEF II is prepared to fund the near term objectives of the project that include:

- Develop one hospital of 150 beds located in Sofia;
- Develop one hospital of 80 to 100 beds located in Varna;
- Undertake expansion of UMG medical clinic network throughout Bulgaria. The feasibility study will identify an initial group of six to eight clinical facilities. UMG then plans to undertake the long term expansion of its clinical system in Bulgaria using the criteria established during the feasibility study to identify appropriate sites for establishing additional medical facilities and determining the medical services to be offered at each site.
- Evaluate the product line and marketing needs and develop a business plan to grow United Health Insurance ("UHI") into one of the leading private healthcare insurance provider in Bulgaria and to coordinate the business activities of UHI and UMG's medical service providers;
- Evaluate the marketing needs and develop a marketing plan to expand the corporate client base for Occupational Medicine and to coordinate its marketing activities with UHI and the medical services group of UMG;
- Develop a standardized facility plan for both new construction and leased space build out of medical diagnostic centers and hospital facilities; and
- Develop equipment and disposable medical supply packages for each type of medical service facility of the UMG group.

UMG hospital projects summary of activities

Hospital activities	Sofia	Varna
<i>Regular hospitalizations</i>		
Internal diseases	√	√
Cardiology	√	
Haemodynamics and invasive cardiology	√	
Gastroenterology and digestive endoscopy	√	
Neurology	√	√
Rehabilitation and physical therapy	√	√
<i>Surgery</i>		
Anaesthesiology and Intensive care (ICU)	√	√

General surgery and minimally invasive surgery	√	√
Visceral surgery (abdominal)	√	
Thoracic surgery	√	
Cardiosurgery	√	
Vascular Surgery	√	
Urology	√	√
Neurosurgery	√	√
Orthopedics and traumatology	√	√
Obstetrics and gynecology	√	√

UMG plans to use the information developed from this project to aid in the development and execution of its five-year growth plan that would follow the completion of the projects covered in the requested feasibility study.

The following table summarizes the prospective markets of UMG and the lines of business the group would like to be active in the next five years.

UMG business lines and regional coverage summary

		Health Insurance	Preventive and Occupational Medicine	Laboratory	Diagnostic Imaging	Policlinic	Ambulatory Surgery	Hospital
1	Sofia	√	√	√	√	√	√	√
2	Plovdiv	√	√	√	√	√	√	
3	Varna	√	√	√	√	√	√	√
4	Pleven	√	√	√	√	√		
	Stara Zagora							
5	Zagora	√	√	√	√	√		
6	Russe	√	√	√	√	√		
7	Burgas	√	√	√	√	√	√	

UMG primary objectives for the next five-year period include:

- Develop criteria and identify the most attractive markets (Phase one: – Sofia, Plovdiv, Varna, Burgas, Pleven, Stara Zagora, Russe and Burgas and Phase two - Blagoevgrad, Haskovo and Veliko Tarnovo) to establish new clinical facilities or acquire existing medical clinical operations;
- Develop a marketing plan for the insurance market and a branding development plan for UMG's system;
- Develop standard facilities designs for each class of facility (Diagnostic Center, Ambulatory Surgical Center and Hospital) UMG plans to develop;

- Obtain and implement international guidelines for accreditation in Bulgaria;
- Develop a medical equipment and supply stocking plan for each medical facility class to be developed by UMG; and
- Provide U.S. best practices information and identify training resources for UMG clinical and small hospital facilities medical and administrative professionals.

UMG would be the USTDA grant recipient and will provide administrative support services for the contractor in Bulgaria.

The project potential represents a facility and equipment value (depending upon the final decision for facilities and equipment to be developed) of at least \$100 M. In addition there is a strong ongoing potential for the sale of supplies and pharmaceuticals to UMG in Bulgaria.

A.2. Developmental Impact and Primary Development Benefits

Developmental Impact

Implementation of the UMG business objectives will lead to a significant expansion of the delivery of quality private healthcare services and expanded access to private healthcare insurance for Bulgarians. The lack of adequate high quality public healthcare services has led to pent up demand for improved access on a timely and quality basis to all types of medical services. The continued deterioration of public healthcare services and facilities caused by a lack of adequate government resources has reduced access to even some basic medical services. The GOB has recognized this problem and is taking steps to approve private medical service providers and encourage the development of private insurance plans to bridge this shortfall of service. UMG has recognized this opportunity and has the potential to become a major provider of private sector medical services and expanded private health insurance meeting these needs for Bulgarians.

Infrastructure:

The public sector healthcare system has been unable to fund the medical infrastructure of Bulgaria adequately, leading to reduced access to public healthcare services or use of the gray market to obtain satisfactory healthcare services. This project will provide modern state of the art medical small hospital and clinical facilities to improve the access for Bulgarians to quality medical services. Government planning indicates recognition of this need and is encouraging private healthcare sector growth. This will significantly facilitate rebuilding the medical delivery system infrastructure for Bulgaria.

Human Capacity Building:

This project will significantly expand the job opportunities for medical professionals in Bulgaria. Under the Soviet era system, medical professionals were adequately trained and medical care was state supported and freely available, though not operating at the highest international standard. After the collapse of the Soviet Union, Eastern European government resources rapidly declined for supporting the former healthcare system. Medical professionals of all types were poorly paid. As services and funding became more difficult after the end of the Soviet era, it often became necessary for these professionals to seek other income sources. The development of a private medical delivery system will afford medical professionals new opportunities for adequate incomes while expanding the availability of quality medical services to the public.

Technology Transfer and Productivity Enhancement:

Current medical equipment in the public medical system is with few exceptions outdated and inadequate to meet patient needs. While recent government funding is beginning to improve this situation in some medical facilities it is still very inadequate for meeting healthcare needs particularly in rural areas. Western medical protocols have not been widely adopted and delivery of services is often limited and in some types of elective procedures not available. Development of private sector services using state of the art medical equipment and best practice medical protocols as reflected in the UMG project will represent a major step forward for Bulgaria in medical technology and the more efficient delivery of medical services.

Other:

There will be a number of benefits from this project with the overall development of broader private sector healthcare services in Bulgaria. Perhaps the most significant will be better healthcare for the general public, reduced lost of work time for employees due to illness or time lost simply seeking healthcare services, and productivity increases for Bulgarian business. In the long term, these enhanced services will provide a better quality of life for Bulgarians.

A.3 Alternative

While UMG and its primary equity provider source elected to proceed with the successful first phase of its business development without the benefit of an independent feasibility study, this is a much more ambitious and complex project and all parties recognize the importance and value of an independent feasibility study to support any expansion of UMG that may be undertaken. The only alternative to the proposed USTDA study will be to seek those services from medical consulting firms within the EU with the likely loss of the sale of equipment and services for the project into that market.

A.4 Project Sponsor's Commitment

UMG and its financial supporters are strongly committed to the further development of their private medical and health insurances services in Bulgaria. The Bulgarian government, also as part of its five-year plan to improve healthcare services in Bulgaria, is encouraging development of the private medical sector. UMG and United Healthcare Bulgaria Sarl management advises that SEEF II is prepared to provide project funding of the elements of the project that are supported by the findings of the feasibility study. UMG has a demonstrated a successful business model with its current medical operations and appears to have the necessary capabilities to begin a strong expansion of services in the private Bulgarian medical market.

A.5 Implementation Financing

UMB management advises that SEEF II is prepared to fund those elements of the project that are supported by the findings of the proposed feasibility study. Should additional funding be required it is likely that commercial financing within Bulgaria and equipment financing by the U.S. Ex-Im Bank or OPIC could be obtained for the project.

A.6 U.S. Export Potential

The U.S. is a major and highly competitive provider of the medical equipment required for use in the medical facilities planned by UMG. The U.S. is also an excellent source of disposable medical supplies and pharmaceuticals that will be used by the firm. Finally, the U.S. is the premier provider of healthcare administration software and networking systems to manage a national healthcare system envisioned by UMG. The ownership of UMG is committed to seeking and using U.S. sources to the maximum extent feasible for equipment, computer software and systems, and supply requirements resulting from the anticipated firm growth that will be the end product of the proposed feasibility study. This project may expand marketing opportunities in the Central and Eastern European markets for U.S. suppliers of these items.

While major medical equipment such as imaging, CT, MRI, surgical equipment are typically manufactured by a few major corporations such as GE, the majority of the medical equipment, supplies and pharmaceuticals needed for clinical and small hospital operations are available from a number of sources. Major medical equipment represents a significant investment for this type of project. Current generation major equipment such as MRI (\$1.6M), CT (\$1M), Pet CT (\$1.8M), Surgical suites (\$700T each) and Cardiac cath labs (\$1.2M) are representative of the large investments needed to build and operate new hospitals. However in terms of total costs for a hospital the extensive requirement for outfitting patient rooms, smaller diagnostic medical equipment, clinical equipment, and support equipment and ICT represent the larger overall cost of outfitting a new hospital. The US is very competitive in most of these items and consistently provides

products that are desirable because of their high quality and ease of use. Firms like Gene Burton & Associates provide a particularly valuable service by identifying all of the extensive listings of each class of these items and sourcing and costs for them that provide significant time and cost savings for a client such as UMG. This will facilitate the opportunity for the sale of medical equipment, disposable supplies and pharmaceuticals from a number of US firms for this project.

There is a strong potential for the sale of U.S. goods and services to UMG for implementation of this project. Milliman USA, one of the leading international insurance consulting firms, has already provided some insurance consulting services to UMG. GE is also well positioned in the region to be a major equipment provider for this type of project. US architectural firms with strong medical practices are also excellent prospects for facility design and engineering work and there is a strong market for a wide range of medical equipment, sterile packs of all types, pharmaceuticals and ICT hardware and software into this market. The U.S. is a world leader in each of these areas and is very competitive with international competition for this market. Equipment for each of the two proposed hospitals is likely to be at least \$30 M. This includes all major imaging, surgical suite, cancer and cardiovascular treatment rooms and intensive care equipment plus the full complement of equipment needed for patient rooms, nurse stations and treatment rooms, as well as the initial outfitting of medical supplies, disposables, and pharmaceuticals. Equipment for each of the proposed clinics will range from approximately \$.5 M to in excess of \$1M for an ambulatory surgical center.

A.7 Foreign Competition

The sale of medical equipment and supplies is very competitive in the international market. The EU is fully competitive in the medical equipment and disposable supply market and competes aggressively for business in Central and Eastern Europe. India has also become a very competitive source of many pharmaceutical and medical supplies but is not expected to be a factor in this market at this time. Due to quality control issues, Indian suppliers have not been favored by quality Central and Eastern European medical facilities and physicians. Japan is also a possible source of competition for equipment. Japanese interests have recently completed construction and opening of a private hospital in Sofia.

A.8 Impact on the Environment

This project will have no direct impact on the environment in Bulgaria. UMG currently follows appropriate protocol for the handling and disposal of medical waste. All medical facilities will fully meet all Bulgarian environmental standards.

A.9 Impact on U.S. Labor

The proposed project will have a positive impact on U.S. Labor. UMG plans to use U.S. sources for medical equipment, medical administration software and networking systems, and stocking of medical supplies for its facilities to the maximum extent possible. This

will generate new business and job creation for U.S. suppliers and open new marketing opportunities in the region. The initial projects in this phase for UMG is expected to generate anywhere from \$60 up to \$70 million in facility, medical equipment, software and computer systems, and supply purchases. In addition, there will be an ongoing re-supply of medical disposable supplies for use in the clinic and small hospital facilities and ongoing support for the medical and administrative records systems for this firm.

A.10 Justification

Development of private sector medical facilities and services is an essential component for improved healthcare in Bulgaria. The Bulgarian government has placed a high priority on encouraging growth of the private sector health services. UMG has developed a successful model for clinical services and seeks to expand its clinic base and add hospital services. This project will provide marketing and financial feasibility data leading to the development of its next growth phase. Perhaps equally important this project will provide marketing, facility and equipment models for each class of medical services planned by UMG and provide the basis for continued expansion of their services throughout Bulgaria. This project will require upwards of \$100M of medical goods and services by the time it is fully implemented. It will also provide a demand for ongoing supplies of medical disposables, sterile packs, and pharmaceuticals to sustain providing medical services for patients. Future phases of growth by UMG will further expand these markets for suppliers.

A.11 Qualifications

This project requires a complex set of skill sets reaching across important sectors of professional medical spectrum. The key elements of the project include determination of marketing models to determine the financial feasibility of each proposed type of medical facility to be developed, development of standard facility models for hospitals, out patient surgical and clinical centers, and basic general and continuing care clinics, accreditation and "best practice" management and medical protocols, and integration of healthcare insurance with the medical service providers. It will require a multidisciplinary team of experienced professionals to successfully complete this project for UMG.

A11.1 Technical Evaluation Criteria (100 Points Total)

Technical Proposal	35
<ul style="list-style-type: none">• Technical approach for developing the project (15);• Technical approach for evaluating constraints of the project (economically and healthcare best practices) (10); and• Technical approach for evaluating healthcare constraints (10).	
Personnel and Management Plan	35

- Experience and expertise of the Team Leader proposed in developing (25); and
- Experience and expertise of the Team personnel in fulfilling the various functions of each component of the program (10).

Firm Technical Capability and Past Performance 30

- Experience analyzing commercial projects in the healthcare industry (10);
- Experience working with local companies, communities and providing technical assistance and training (10); and
- Demonstrated excellence in developing training materials and conducting training (10).

A12.3 Labor

Level of effort: It is estimated that seven persons with the qualifications listed below will be able to complete the tasks outlined above in three months but no more than 165 total days. The timeline may vary slightly based on local conditions and work required with UMG.

- Senior Medical Marketing Specialist
- Senior Architect
- Architect/Engineer
- Senior Medical Equipment Specialist
- Senior Insurance Product and Marketing Specialist

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- Senior Financial Specialist
- Legal Specialist

A12.3 Budget

Budget

This budget is prepared based on estimates provided from various government agencies and past DM contracting experience with the World Bank, regional international banks, and private industry. These estimates are considered sufficient to ensure quality specialists knowledgeable regarding the specific subject matter. Air transport figures should be considered illustrative due to the significant volatility that has occurred in the energy and transport markets during the past two years. Most major airlines have instituted jet fuel ticket and baggage surcharges that show no sign of decrease due to somewhat lowering fuel prices as the world enters a global recession. In addition, the total budget may vary depending upon final USTDA and UMG identified needs.

A12.3.1 Labor Costs

Senior Medical Marketing Specialist

	30 days	\$1200	\$36000
Senior Architect			

	30 days	\$1500	\$45000
Architect/Engineer			

	15 days	\$1000	\$15000
Senior Medical Equipment Specialist			

	30 days	\$1200	\$36000
Senior Insurance Product and Marketing Specialist			

	30 days	\$1200	\$36000
Senior Financial Specialist			

	20 days	\$1200	\$24000
Legal Specialist			

	10 days	\$1500	\$15000
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Totals	165 days		\$207000
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A12.3.2 Other Direct Costs**Other Direct Costs**

Cost Element	Units	Unit cost	# of Units	Cost
Airfare	trip	1600	6	9600
PER DIEM	Bulgaria	271	90	24390
Training documents and materials	allowance	10000	1	10000
Audio visual	allowance	5000	1	5000
Trip Preparation (Medical exams, ticket fees, visas, etc.)	allowance	2500	1	2500
Medex Insurance (114 days @\$4.50 per day)	day	405	1	405
DBA Insurance (2.15 per \$100 of total in-country labor)	DBA	2928	1	2928
Communications and Express Delivery	lump sum	3000	1	3000
Report Preparation and miscellaneous	lump sum	4000	1	4000
Travel Sub total				62823
Total Project Budget				\$268,823

A.12.3.3 Budget Justification

For this feasibility study assistance, the TPG team believes the core of this project depends on a team of senior medical consultants in marketing, architecture, medical equipment, medical ICT, insurance, finance and legal and regulatory disciplines. This is a complex project that provides not only immediate use for the projects being reviewed but will serve as a model for development of similar projects as UMG continues to grow and expand its operations.

A.12.3.4 Other Direct Cost Budget Justification

The primary other costs are travel and per diem costs for the team and providing training materials and audio visual support for training. Per Diem is based on the current amount authorized by the U.S. State Department for travel in Bulgaria. Grantee should provide administrative support, local transportation, and translation and interpreting, if required, for the team members while in Bulgaria. Lump sums are provided for trip preparation and report preparation and translation.

A.13 Recommendation

UMG has successfully operated a medical business model in Bulgaria for several years. It has strong financial backing for this project from SEEF II. UMG currently has the largest private medical clinical operation and is developing a private insurance business that will compliment these operations. The GOB recognizes that it must encourage the development of private healthcare services and insurance products if it is to achieve significant improvements in the quality and safety of patient care in Bulgaria. The TPG team believes this project will not only evaluate the feasibility of the specific medical projects but will also provide a strong model for continued growth of the company during the next decade. UMG has a history of interest in U.S. products and services and this project will result in major sales of medical equipment and services. The TPG team believes this project merits support and will provide a real opportunity to facilitate the delivery of quality private health services for Bulgaria.

BULGARIA CONTACT LIST

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ANNEX 3



**U.S. TRADE AND DEVELOPMENT AGENCY
Arlington, VA 22209-2131**

NATIONALITY, SOURCE, AND ORIGIN REQUIREMENTS

The purpose of USTDA's nationality, source, and origin requirements is to assure the maximum practicable participation of American contractors, technology, equipment and materials in the prefeasibility, feasibility, and implementation stages of a project.

USTDA STANDARD RULE (GRANT AGREEMENT STANDARD LANGUAGE):

Except as USTDA may otherwise agree, each of the following provisions shall apply to the delivery of goods and services funded by USTDA under this Grant Agreement: (a) for professional services, the Contractor must be either a U.S. firm or U.S. individual; (b) the Contractor may use U.S. subcontractors without limitation, but the use of subcontractors from host country may not exceed twenty percent (20%) of the USTDA Grant amount and may only be used for specific services from the Terms of Reference identified in the subcontract; (c) employees of U.S. Contractor or U.S. subcontractor firms responsible for professional services shall be U.S. citizens or non-U.S. citizens lawfully admitted for permanent residence in the U.S.; (d) goods purchased for implementation of the Study and associated delivery services (e.g., international transportation and insurance) must have their nationality, source and origin in the United States; and (e) goods and services incidental to Study support (e.g., local lodging, food, and transportation) in host country are not subject to the above restrictions. USTDA will make available further details concerning these standards of eligibility upon request.

NATIONALITY:

1) Rule

Except as USTDA may otherwise agree, the Contractor for USTDA funded activities must be either a U.S. firm or a U.S. individual. Prime contractors may utilize U.S.

subcontractors without limitation, but the use of host country subcontractors is limited to 20% of the USTDA grant amount.

2) Application

Accordingly, only a U.S. firm or U.S. individual may submit proposals on USTDA funded activities. Although those proposals may include subcontracting arrangements with host country firms or individuals for up to 20% of the USTDA grant amount, they may not include subcontracts with third country entities. U.S. firms submitting proposals must ensure that the professional services funded by the USTDA grant, to the extent not subcontracted to host country entities, are supplied by employees of the firm or employees of U.S. subcontractor firms who are U.S. individuals.

Interested U.S. firms and consultants who submit proposals must meet USTDA nationality requirements as of the due date for the submission of proposals and, if selected, must continue to meet such requirements throughout the duration of the USTDA-financed activity. These nationality provisions apply to whatever portion of the Terms of Reference is funded with the USTDA grant.

3) Definitions

A "U.S. individual" is (a) a U.S. citizen, or (b) a non-U.S. citizen lawfully admitted for permanent residence in the U.S. (a green card holder).

A "U.S. firm" is a privately owned firm which is incorporated in the U.S., with its principal place of business in the U.S., and which is either (a) more than 50% owned by U.S. individuals, or (b) has been incorporated in the U.S. for more than three (3) years prior to the issuance date of the request for proposals; has performed similar services in the U.S. for that three (3) year period; employs U.S. citizens in more than half of its permanent full-time positions in the U.S.; and has the existing capability in the U.S. to perform the work in question.

A partnership, organized in the U.S. with its principal place of business in the U.S., may also qualify as a "U.S. firm" as would a joint venture organized or incorporated in the United States consisting entirely of U.S. firms and/or U.S. individuals.

A nonprofit organization, such as an educational institution, foundation, or association may also qualify as a "U.S. firm" if it is incorporated in the United States and managed by a governing body, a majority of whose members are U.S. individuals.

SOURCE AND ORIGIN:

1) Rule

In addition to the nationality requirement stated above, any goods (e.g., equipment and materials) and services related to their shipment (e.g., international transportation and insurance) funded under the USTDA Grant Agreement must have their source and origin in the United States, unless USTDA otherwise agrees. However, necessary purchases of goods and project support services which are unavailable from a U.S. source (e.g., local food, housing and transportation) are eligible without specific USTDA approval.

2) Application

Accordingly, the prime contractor must be able to demonstrate that all goods and services purchased in the host country to carry out the Terms of Reference for a USTDA Grant Agreement that were not of U.S. source and origin were unavailable in the United States.

3) Definitions

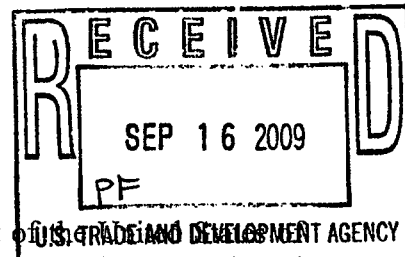
"Source" means the country from which shipment is made.

"Origin" means the place of production, through manufacturing, assembly or otherwise.

Questions regarding these nationality, source and origin requirements may be addressed to the USTDA Office of General Counsel.

ANNEX 4

GRANT AGREEMENT



This Grant Agreement is entered into between the Government of Bulgaria, acting through the U.S. Trade and Development Agency ("USTDA") and United Medical EAD ("Grantee"). USTDA agrees to provide the Grantee under the terms of this Agreement US\$268,823 ("USTDA Grant") to fund the cost of goods and services required for a feasibility study ("Study") on the proposed United Medical EAD Expansion ("Project") in Bulgaria ("Host Country").

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1. USTDA Funding

The funding to be provided under this Grant Agreement shall be used to fund the costs of a contract between the Grantee and the U.S. firm selected by the Grantee ("Contractor") under which the Contractor will perform the Study ("Contract"). Payment to the Contractor will be made directly by USTDA on behalf of the Grantee with the USTDA Grant funds provided under this Grant Agreement.

2. Terms of Reference

The Terms of Reference for the Study ("Terms of Reference") are attached as Annex I and are hereby made a part of this Grant Agreement. The Study will examine the technical, financial, environmental, and other critical aspects of the proposed Project. The Terms of Reference for the Study shall also be included in the Contract.

3. Standards of Conduct

USTDA and the Grantee recognize the existence of standards of conduct for public officials, and commercial entities, in their respective countries. All parties to this Agreement are acquainted with The Foreign Corrupt Practices Act (FCPA) and will adhere to its standards. The parties to this Grant Agreement and the Contractor shall observe these standards, which include not accepting payment of money or anything of value, directly or indirectly, from any person for the purpose of illegally or improperly inducing anyone to take any action favorable to any party in connection with the Study.

4. Grantee Responsibilities

The Grantee shall undertake its best efforts to provide reasonable support for the Contractor, such as local transportation, office space, and secretarial support.

5. USTDA as Financier

(A) USTDA Approval of Competitive Selection Procedures

Selection of the U.S. Contractor shall be carried out by the Grantee according to its established procedures for the competitive selection of contractors with advance notice of the procurement published online through *Federal Business Opportunities* (www.fedbizopps.gov). Upon request, the Grantee will submit these contracting procedures and related documents to USTDA for information and/or approval.

(B) USTDA Approval of Contractor Selection

The Grantee shall notify USTDA at the address of record set forth in Article 17 below upon selection of the Contractor to perform the Study. Upon approval of this selection by USTDA, the Grantee and the Contractor shall then enter into a contract for performance of the Study. The Grantee shall notify in writing the U.S. firms that submitted unsuccessful proposals to perform the Study that they were not selected.

(C) USTDA Approval of Contract Between Grantee and Contractor

The Grantee and the Contractor shall enter into a contract for performance of the Study. This contract, and any amendments thereto, including assignments and changes in the Terms of Reference, must be approved by USTDA in writing. To expedite this approval, the Grantee (or the Contractor on the Grantee's behalf) shall transmit to USTDA, at the address set forth in Article 17 below, a photocopy of an English language version of the signed contract or a final negotiated draft version of the contract.

(D) USTDA Not a Party to the Contract

It is understood by the parties that USTDA has reserved certain rights such as, but not limited to, the right to approve the terms of the contract and any amendments thereto, including assignments, the selection of all contractors, the Terms of Reference, the Final Report, and any and all documents related to any contract funded under the Grant Agreement. The parties hereto further understand and agree that USTDA, in reserving any or all of the foregoing approval rights, has acted solely as a financing entity to assure the proper use of United States Government funds, and that any decision by USTDA to exercise or refrain from exercising these approval rights shall be made as a financier in the course of funding the Study and shall not be construed as making USTDA a party to the contract. The parties hereto understand and agree that USTDA may, from time to time, exercise the foregoing approval rights, or discuss matters related to these rights and the Project with the parties to the contract or any subcontract, jointly or separately, without thereby incurring any responsibility or liability to such parties. Any approval or failure to approve by USTDA shall not bar the Grantee or USTDA from asserting any right they might have against the

Contractor, or relieve the Contractor of any liability which the Contractor might otherwise have to the Grantee or USTDA.

(E) Grant Agreement Controlling

Regardless of USTDA approval, the rights and obligations of any party to the contract or subcontract thereunder must be consistent with this Grant Agreement. In the event of any inconsistency between the Grant Agreement and any contract or subcontract funded by the Grant Agreement, the Grant Agreement shall be controlling.

6. Disbursement Procedures

(A) USTDA Approval of Contract Required

USTDA will make disbursements of Grant funds directly to the Contractor only after USTDA approves the Grantee's contract with the Contractor.

(B) Contractor Invoice Requirements

The Grantee should request disbursement of funds by USTDA to the Contractor for performance of the Study by submitting invoices in accordance with the procedures set forth in the USTDA Mandatory Clauses in Annex II.

7. Effective Date

The effective date of this Grant Agreement ("Effective Date") shall be the date of signature by both parties or, if the parties sign on different dates, the date of the last signature.

8. Study Schedule

(A) Study Completion Date

The completion date for the Study, which is June 30, 2010 is the date by which the parties estimate that the Study will have been completed.

(B) Time Limitation on Disbursement of USTDA Grant Funds

Except as USTDA may otherwise agree, (a) no USTDA funds may be disbursed under this Grant Agreement for goods and services which are provided prior to the Effective Date of the Grant Agreement; and (b) all funds made available under the Grant Agreement must be disbursed within four (4) years from the Effective Date of the Grant Agreement.

9. USTDA Mandatory Clauses

All contracts funded under this Grant Agreement shall include the USTDA mandatory clauses set forth in Annex II to this Grant Agreement. All subcontracts funded or partially funded with USTDA Grant funds shall include the USTDA mandatory clauses, except for clauses B(1), G, H, I, and J.

10. Use of U.S. Carriers

(A) Air

Transportation by air of persons or property funded under the Grant Agreement shall be on U.S. flag carriers in accordance with the Fly America Act, 49 U.S.C. 40118, to the extent service by such carriers is available, as provided under applicable U.S. Government regulations.

(B) Marine

Transportation by sea of property funded under the Grant Agreement shall be on U.S. carriers in accordance with U.S. cargo preference law.

11. Nationality, Source and Origin

Except as USTDA may otherwise agree, the following provisions shall govern the delivery of goods and services funded by USTDA under the Grant Agreement: (a) for professional services, the Contractor must be either a U.S. firm or U.S. individual; (b) the Contractor may use U.S. subcontractors without limitation, but the use of subcontractors from Host Country may not exceed twenty percent (20%) of the USTDA Grant amount and may only be used for specific services from the Terms of Reference identified in the subcontract; (c) employees of U.S. Contractor or U.S. subcontractor firms responsible for professional services shall be U.S. citizens or non-U.S. citizens lawfully admitted for permanent residence in the U.S.; (d) goods purchased for performance of the Study and associated delivery services (e.g., international transportation and insurance) must have their nationality, source and origin in the United States; and (e) goods and services incidental to Study support (e.g., local lodging, food, and transportation) in Host Country are not subject to the above restrictions. USTDA will make available further details concerning these provisions upon request.

12. Taxes

USTDA funds provided under the Grant Agreement shall not be used to pay any taxes, tariffs, duties, fees or other levies imposed under laws in effect in Host Country. Neither the Grantee nor the Contractor will seek reimbursement from USTDA for such taxes, tariffs, duties, fees or other levies.

13. Cooperation Between Parties and Follow-Up

The parties will cooperate to assure that the purposes of the Grant Agreement are accomplished. For five (5) years following receipt by USTDA of the Final Report (as defined in Clause I of Annex II), the Grantee agrees to respond to any reasonable inquiries from USTDA about the status of the Project.

14. Implementation Letters

To assist the Grantee in the implementation of the Study, USTDA may, from time to time, issue implementation letters that will provide additional information about matters covered by the Grant Agreement. The parties may also use jointly agreed upon implementation letters to confirm and record their mutual understanding of matters covered by the Grant Agreement.

15. Recordkeeping and Audit

The Grantee agrees to maintain books, records, and other documents relating to the Study and the Grant Agreement adequate to demonstrate implementation of its responsibilities under the Grant Agreement, including the selection of contractors, receipt and approval of contract deliverables, and approval or disapproval of contractor invoices for payment by USTDA. Such books, records, and other documents shall be separately maintained for three (3) years after the date of the final disbursement by USTDA. The Grantee shall afford USTDA or its authorized representatives the opportunity at reasonable times to review books, records, and other documents relating to the Study and the Grant Agreement.

16. Representation of Parties

For all purposes relevant to the Grant Agreement, the Government of the United States of America will be represented by the U. S. Ambassador to Host Country or USTDA and Grantee will be represented by the Chief Executive Officer. The parties hereto may, by written notice, designate additional representatives for all purposes under the Grant Agreement.

17. Addresses of Record for Parties

Any notice, request, document, or other communication submitted by either party to the other under the Grant Agreement shall be in writing or through a wire or electronic medium which produces a tangible record of the transmission, such as a telegram, cable or facsimile, and will be deemed duly given or sent when delivered to such party at the following:

To: United Medical EAD
22, Zlaten Rog Str., Fl. 10

Lozenets
1407 Sofia, Bulgaria

Phone: (359-2) 917-49-70
Fax: (359-2) 917-49-73

To: U.S. Trade and Development Agency
1000 Wilson Boulevard, Suite 1600
Arlington, Virginia 22209-3901
USA

Phone: (703) 875-4357
Fax: (703) 875-4009

All such communications shall be in English, unless the parties otherwise agree in writing. In addition, the Grantee shall provide the Commercial Section of the U.S. Embassy in Host Country with a copy of each communication sent to USTDA.

Any communication relating to this Grant Agreement shall include the following fiscal data:

Appropriation No.: 11 9/10 1001
Activity No.: 2009-810028A
Reservation No.: 2009810039
Grant No.: GH2009810012

18. Termination Clause

Either party may terminate the Grant Agreement by giving the other party thirty (30) days advance written notice. The termination of the Grant Agreement will end any obligations of the parties to provide financial or other resources for the Study, except for payments which they are committed to make pursuant to noncancellable commitments entered into with third parties prior to the written notice of termination.

19. Non-waiver of Rights and Remedies

No delay in exercising any right or remedy accruing to either party in connection with the Grant Agreement shall be construed as a waiver of such right or remedy.

20. U.S. Technology and Equipment

By funding this Study, USTDA seeks to promote the project objectives of the Host Country through the use of U.S. technology, goods, and services. In recognition of this purpose, the Grantee agrees that it will allow U.S. suppliers to compete in the procurement of technology, goods and services needed for Project implementation.

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IN WITNESS WHEREOF, the Government of the United States of America and United Medical EAD, each acting through its duly authorized representative, have caused this Agreement to be signed in the English language in their names and delivered as of the day and year written below. In the event that this Grant Agreement is signed in more than one language, the English language version shall govern.

For the Government of the
United States of America

By: John O'Donoghue

Date: 11 September 2009

Witnessed:

By: [Signature]

For
United Medical EAD

By: [Signature]

Date: _____

Witnessed:

By: [Signature]

Annex I -- Terms of Reference

Annex II -- USTDA Mandatory Clauses

Annex I

Terms of Reference

Task One: Market Criteria Model and Financial Viability Assessment

Contractor shall develop a market criteria model that will facilitate evaluation of the financial feasibility of the development and operation of: 1) a basic family practice and continuing care clinic, including a diagnostic center (whether the facility be new or an acquisition of an existing facility); 2) an enhanced capability ambulatory surgical center; and 3) an up to 150 bed acute care hospital facility. This model shall include, at a minimum, an assessment of the minimum market requirements to sustain the operational viability of each of these facility types. This will include the population in the trade area, the current services provided in the market area, the quality and adequacy of services within the trade area, and any known competing facilities under development or approved for development by the appropriate regulatory agency. The Contractor shall also conduct a review of existing market conditions in Sofia and Varna and provide a financial viability assessment for: 1) the development of a 150 bed hospital and supporting clinical facilities in Sofia; and 2) the development of an 80-100 bed hospital in Varna. This assessment shall, at a minimum, consist of a review of the market conditions in each of these locations including the adequacy of the population base within the trade area, existing facilities and the adequacy and quality of patient services provided, and any competing facilities under development or approved for development by the appropriate regulatory agency within the trade area. It shall also include a review of the Grantee's ability to support the construction and operation of the proposed facilities.

Task One Deliverables: The Contractor shall provide the Grantee with a written report providing the market criteria models for evaluation of proposed facility development projects for the three types of facilities outlined in Task One. The Contractor shall also provide a written report and recommendations regarding the market evaluation for the facilities for Sofia and Varna.

Task Two: Concept Design Models for Three Types of Facilities

Contractor shall review the medical and administrative space requirements for each of the three classes of medical facilities listed in Task 1. The Contractor shall provide a basic concept design consisting of a concept drawing of a facility designed to provide efficient layouts that will support current best medical practices for each of the three classes of medical facilities. The Contractor shall also provide a written report stating the medical and administrative criteria based on best practices in the European Union and United States markets for each of the three facility types. These designs will be used as a standard design for each type of medical facility that the Grantee may locate at any

appropriate site in Bulgaria. . These designs will be used as a standard design for each type of medical facility that the Grantee may locate at any appropriate site in Bulgaria.

Task Two Deliverable: The Contractor shall provide to the Grantee initial concept drawings and requirements for each class of medical facility described in Task 1.

Task Three: Equipment Requirements for Each of the Three Types of Medical Facilities

Contractor shall review current equipment and supply practices for the Grantee's facilities and confirm or update the medical equipment and supply requirements for each of the three categories of medical facility planned by the Grantee for this project, as listed in Task 1. Specifically, the Contractor shall develop cost estimates for medical equipment and medical supplies for each facility type build out and for initial supplies to commence operations. The Contractor shall prepare a model medical equipment recommendation for each class of medical facility and identify manufacturers or suppliers capable of providing the required equipment. The Contractor shall prepare a model medical supply list and sources for each category of medical facility and recommend quantities of each material that need to be maintained in each type of clinical and hospital facility.

Task Three Deliverable: The Contractor shall provide the Grantee with a report of its findings and recommendations regarding medical equipment and supply needs for the Grantee's current and planned facilities.

Task Four: Legal and Regulatory Review, Including Development of an Accreditation Program for the Hospitals in this Project

The Contractor shall review current Bulgarian legal and regulatory requirements for the establishment of private medical facilities and make recommendations for any legal organization or operational measures or information systems that need to be established to ensure compliance with Bulgarian law. The Contractor shall provide Joint Commission on Accreditation of Healthcare Organizations (JCAHO) international standards, and advise the Grantee management on the action required to obtain these accreditation evaluations. The Contractor shall review the use of medical and administrative management protocols with the management of the Grantee. The Contractor shall conduct a two day training seminar for the Grantee's senior medical and administrative executives that covers each of these subjects.

Task Four Deliverables: The Contractor shall provide a written report, teaching outline and presentation for the training seminar covering legal, regulatory and accreditation issues.

Task Five: Health Insurance Review

The purpose of this review is to facilitate providing product lines that are supportive of the Grantee's current and planned facilities and to improve the competitiveness of the product lines offered by the Grantee in the Bulgarian health insurance market.

The Contractor shall review and recommend product lines and marketing needs for the United Health Insurance company to: 1) be more competitive in the Bulgarian private insurance market; 2) better integrate coverage with the medical services being provided by the Grantee and; 3) better coordinate coverage with the National Health Insurance Plan. The Contractor shall review the current product line and marketing practices of the health insurance company. The Contractor shall then evaluate current private insurance company product trends and provide recommendations for the firm's health insurance product mix. The Contractor shall evaluate current insurance company marketing practices and make recommendations for improving the marketing efficiency and production of the firm. The Contractor shall provide recommendations for operational and procedural changes, based on initial observations, to improve the efficiency of the insurance company business operations.

Task Five Deliverable: The Contractor shall prepare a written report of the findings and recommendations of the insurance operations review.

Task Six: Project Financial Analysis and Business Plan

Contractor shall, using marketing information, design and equipment models, conduct a financial feasibility evaluation of each of the three types of proposed facilities listed in Task One. This financial feasibility evaluation will, at a minimum, include a revenue model according to the local financing environment, a cost model with a focus on medical personnel compensation and facility related costs, a capital expenditures' plan and profitability criteria such as Net Present Value (NPV), Internal Rate of Return (IRR) and Payback Period. In addition the Contractor shall prepare a business plan for each of the three types of facilities which will, at a minimum, include a prospective list of medical specialties, a list of consulting, diagnostic and treatment services, equipment requirements for each type of facility and headcount/personnel plan for each type. The financial feasibility and business plan for the Grantee's overall expansion plans shall meet all requirements for review by Southeast Europe Equity Fund II (SEEF II).

Task Six Deliverable: The Contractor shall prepare a five- year financial projection and a business plan for the Grantee's expansion plans that meets SEEF II review requirements, related to NPV, IRR and Payback Period.

Task Seven: Development Impact Assessment

The Contractor shall report to the Grantee on the economic development outcomes for Bulgaria if the feasibility study recommendations were to be implemented. While specific

focus will be paid to the immediate impact of the implementation of the medical facilities program, the Contractor shall include, where appropriate, any additional developmental costs and benefits of the project. The analysis of potential impacts of the feasibility study should be as concrete and detailed as possible. The Development Impact factors are intended to provide the decision-makers receiving the feasibility study and interested parties with a broader view of its effects on healthcare in Bulgaria. The Contractor shall provide estimates of potential costs and benefits in the following areas (descriptive explanations are illustrative but not exclusive):

- **Infrastructure:** a statement on the impact the Project would have on the medical infrastructure in Bulgaria.
- **Regulation Reform:** a description of any regulation, laws, or institutional changes that are recommended and the effect they would have if implemented.
- **Human Resources Development:** a description of the number and type of positions that would result from implementation of the Contractor's recommendations.
- **Technology Transfer and Productivity Enhancement:** a description of any advanced medical or ICT technology that will be implemented or efficiency gained as a result of the implementation of this project.
- **Other Developmental Benefits:** any other developmental benefits, including any spin-off or demonstration effects.

Task Seven Deliverable: The Contractor shall prepare a Development Impact Report encompassing the categories described above in Task 7.

Task Eight: Preliminary Environmental and Social Impact Assessment

The Contractor shall prepare a preliminary environmental and social assessment of the impact the Grantee's expansion plans would have. In conducting this review the Contractor shall take into account relevant Bulgarian law and international financing institution regulations. This assessment shall identify potential negative impacts of the project, discuss the extent to which they can be mitigated, and develop plans for full environmental and social impact assessment in anticipation of the Project moving forward to the implementation stage. The review will specifically address the impact of new accreditation standards, changes to improve quality of care, patient safety, and medical hazardous waste disposal.

Task Eight Deliverable: The Contractor shall prepare a preliminary Environmental Impact and Social Impact Assessment Report, as described above.

Task Nine: Final Report

Contractor shall prepare a draft report documenting the analyses and conclusions reached in the previous tasks, including separate sections for each of the above tasks and the respective

deliverables. A draft report should be presented to the Grantee for the Grantee's review and comments.

After receiving and reviewing comments on the draft report, the Contractor shall prepare and deliver to the Grantee and USTDA a substantive and comprehensive final report of all work performed under these Terms of Reference ("Final Report"). The Final Report shall be organized according to the above tasks, and shall include all deliverables and documents that have been provided to the Grantee. The Contractor shall also provide a list of prospective U.S. Sources of Supply in the Final Report. The Final Report shall be prepared in accordance with Clause I of Annex II of the Grant Agreement.

Notes:

- (1) The Contractor is responsible for compliance with U.S. export licensing requirements, if applicable, in the performance of the Terms of Reference.
- (2) The Contractor and the Grantee shall be careful to ensure that the public version of the Final Report contains no security or confidential information.
- (3) The Grantee and USTDA shall have an irrevocable, worldwide, royalty-free, non-exclusive right to use and distribute the Final Report and all work product that is developed under these Terms of Reference.

Annex II

USTDA Mandatory Contract Clauses

A. USTDA Mandatory Clauses Controlling

The parties to this contract acknowledge that this contract is funded in whole or in part by the U.S. Trade and Development Agency ("USTDA") under the Grant Agreement between the Government of the United States of America acting through USTDA and United Medical EAD ("Client"), dated _____ ("Grant Agreement"). The Client has selected _____ ("Contractor") to perform the feasibility study ("Study") for the United Medical EAD Expansion project ("Project") in Bulgaria ("Host Country"). Notwithstanding any other provisions of this contract, the following USTDA mandatory contract clauses shall govern. All subcontracts entered into by Contractor funded or partially funded with USTDA Grant funds shall include these USTDA mandatory contract clauses, except for clauses B(1), G, H, I, and J. In addition, in the event of any inconsistency between the Grant Agreement and any contract or subcontract thereunder, the Grant Agreement shall be controlling.

B. USTDA as Financier

(1) USTDA Approval of Contract

All contracts funded under the Grant Agreement, and any amendments thereto, including assignments and changes in the Terms of Reference, must be approved by USTDA in writing in order to be effective with respect to the expenditure of USTDA Grant funds. USTDA will not authorize the disbursement of USTDA Grant funds until the contract has been formally approved by USTDA or until the contract conforms to modifications required by USTDA during the contract review process.

(2) USTDA Not a Party to the Contract

It is understood by the parties that USTDA has reserved certain rights such as, but not limited to, the right to approve the terms of this contract and amendments thereto, including assignments, the selection of all contractors, the Terms of Reference, the Final Report, and any and all documents related to any contract funded under the Grant Agreement. The parties hereto further understand and agree that USTDA, in reserving any or all of the foregoing approval rights, has acted solely as a financing entity to assure the proper use of United States Government funds, and that any decision by USTDA to exercise or refrain from exercising these approval rights shall be made as a financier in the course of financing the Study and shall not be construed as making USTDA a party to the contract. The parties hereto understand and agree that USTDA may, from time to time, exercise the foregoing approval rights, or discuss matters related to these rights and the Project with the parties to the contract or any subcontract, jointly or separately, without thereby incurring any responsibility or liability to such parties. Any approval or failure to approve by USTDA shall not

bar the Client or USTDA from asserting any right they might have against the Contractor, or relieve the Contractor of any liability which the Contractor might otherwise have to the Client or USTDA.

C. Nationality, Source and Origin

Except as USTDA may otherwise agree, the following provisions shall govern the delivery of goods and services funded by USTDA under the Grant Agreement: (a) for professional services, the Contractor must be either a U.S. firm or U.S. individual; (b) the Contractor may use U.S. subcontractors without limitation, but the use of subcontractors from Host Country may not exceed twenty percent (20%) of the USTDA Grant amount and may only be used for specific services from the Terms of Reference identified in the subcontract; (c) employees of U.S. Contractor or U.S. subcontractor firms responsible for professional services shall be U.S. citizens or non-U.S. citizens lawfully admitted for permanent residence in the U.S.; (d) goods purchased for performance of the Study and associated delivery services (e.g., international transportation and insurance) must have their nationality, source and origin in the United States; and (e) goods and services incidental to Study support (e.g., local lodging, food, and transportation) in Host Country are not subject to the above restrictions. USTDA will make available further details concerning these provisions upon request.

D. Recordkeeping and Audit

The Contractor and subcontractors funded under the Grant Agreement shall maintain, in accordance with generally accepted accounting procedures, books, records, and other documents, sufficient to reflect properly all transactions under or in connection with the contract. These books, records, and other documents shall clearly identify and track the use and expenditure of USTDA funds, separately from other funding sources. Such books, records, and documents shall be maintained during the contract term and for a period of three (3) years after final disbursement by USTDA. The Contractor and subcontractors shall afford USTDA, or its authorized representatives, the opportunity at reasonable times for inspection and audit of such books, records, and other documentation.

E. U.S. Carriers

(1) Air

Transportation by air of persons or property funded under the Grant Agreement shall be on U.S. flag carriers in accordance with the Fly America Act, 49 U.S.C. 40118, to the extent service by such carriers is available, as provided under applicable U.S. Government regulations.

(2) Marine

Transportation by sea of property funded under the Grant Agreement shall be on U.S. carriers in accordance with U.S. cargo preference law.

F. Workman's Compensation Insurance

The Contractor shall provide adequate Workman's Compensation Insurance coverage for work performed under this Contract.

G. Reporting Requirements

The Contractor shall advise USTDA by letter as to the status of the Project on March 1st annually for a period of two (2) years after completion of the Study. In addition, if at any time the Contractor receives follow-on work from the Client, the Contractor shall so notify USTDA and designate the Contractor's contact point including name, telephone, and fax number. Since this information may be made publicly available by USTDA, any information which is confidential shall be designated as such by the Contractor and provided separately to USTDA. USTDA will maintain the confidentiality of such information in accordance with applicable law.

H. Disbursement Procedures

(1) USTDA Approval of Contract

Disbursement of Grant funds will be made only after USTDA approval of this contract. To make this review in a timely fashion, USTDA must receive from either the Client or the Contractor a photocopy of an English language version of a signed contract or a final negotiated draft version to the attention of the General Counsel's office at USTDA's address listed in Clause M below.

(2) Payment Schedule Requirements

A payment schedule for disbursement of Grant funds to the Contractor shall be included in this Contract. Such payment schedule must conform to the following USTDA requirements: (1) up to twenty percent (20%) of the total USTDA Grant amount may be used as a mobilization payment; (2) all other payments, with the exception of the final payment, shall be based upon contract performance milestones; and (3) the final payment may be no less than fifteen percent (15%) of the total USTDA Grant amount, payable upon receipt by USTDA of an approved Final Report in accordance with the specifications and quantities set forth in Clause I below. Invoicing procedures for all payments are described below.

(3) Contractor Invoice Requirements

USTDA will make all disbursements of USTDA Grant funds directly to the Contractor. The Contractor must provide USTDA with an ACH Vendor Enrollment Form (available from USTDA) with the first invoice. The Client shall request disbursement of funds by

USTDA to the Contractor for performance of the contract by submitting the following to USTDA:

(a) Contractor's Invoice

The Contractor's invoice shall include reference to an item listed in the Contract payment schedule, the requested payment amount, and an appropriate certification by the Contractor, as follows:

(i) For a mobilization payment (if any):

"As a condition for this mobilization payment, the Contractor certifies that it will perform all work in accordance with the terms of its Contract with the Client. To the extent that the Contractor does not comply with the terms and conditions of the Contract, including the USTDA mandatory provisions contained therein, it will, upon USTDA's request, make an appropriate refund to USTDA. "

(ii) For contract performance milestone payments:

"The Contractor has performed the work described in this invoice in accordance with the terms of its contract with the Client and is entitled to payment thereunder. To the extent the Contractor has not complied with the terms and conditions of the Contract, including the USTDA mandatory provisions contained therein, it will, upon USTDA's request, make an appropriate refund to USTDA."

(iii) For final payment:

"The Contractor has performed the work described in this invoice in accordance with the terms of its contract with the Client and is entitled to payment thereunder. Specifically, the Contractor has submitted the Final Report to the Client, as required by the Contract, and received the Client's approval of the Final Report. To the extent the Contractor has not complied with the terms and conditions of the Contract, including the USTDA mandatory provisions contained therein, it will, upon USTDA's request, make an appropriate refund to USTDA."

(b) Client's Approval of the Contractor's Invoice

(i) The invoice for a mobilization payment must be approved in writing by the Client.

(ii) For contract performance milestone payments, the following certification by the Client must be provided on the invoice or separately:

"The services for which disbursement is requested by the Contractor have been performed satisfactorily, in accordance with applicable Contract provisions and the terms and conditions of the USTDA Grant Agreement."

(iii) For final payment, the following certification by the Client must be provided on the invoice or separately:

"The services for which disbursement is requested by the Contractor have been performed satisfactorily, in accordance with applicable Contract provisions and terms and conditions of the USTDA Grant Agreement. The Final Report submitted by the Contractor has been reviewed and approved by the Client. "

(c) USTDA Address for Disbursement Requests

Requests for disbursement shall be submitted by courier or mail to the attention of the Finance Department at USTDA's address listed in Clause M below.

(4) Termination

In the event that the Contract is terminated prior to completion, the Contractor will be eligible, subject to USTDA approval, for reasonable and documented costs which have been incurred in performing the Terms of Reference prior to termination, as well as reasonable wind down expenses. Reimbursement for such costs shall not exceed the total amount of undisbursed Grant funds. Likewise, in the event of such termination, USTDA is entitled to receive from the Contractor all USTDA Grant funds previously disbursed to the Contractor (including but not limited to mobilization payments) which exceed the reasonable and documented costs incurred in performing the Terms of Reference prior to termination.

I. USTDA Final Report

(1) Definition

"Final Report" shall mean the Final Report described in the attached Annex I Terms of Reference or, if no such "Final Report" is described therein, "Final Report" shall mean a substantive and comprehensive report of work performed in accordance with the attached Annex I Terms of Reference, including any documents delivered to the Client.

(2) Final Report Submission Requirements

The Contractor shall provide the following to USTDA:

- (a) One (1) complete version of the Final Report for USTDA's records. This version shall have been approved by the Client in writing and must be in the English language. It is the responsibility of the Contractor to ensure that confidential information, if any, contained in this version be clearly marked. USTDA will maintain the confidentiality of such information in accordance with applicable law.

and

(b) One (1) copy of the Final Report suitable for public distribution ("Public Version"). The Public Version shall have been approved by the Client in writing and must be in the English language. As this version will be available for public distribution, it must not contain any confidential information. If the report in (a) above contains no confidential information, it may be used as the Public Version. In any event, the Public Version must be informative and contain sufficient Project detail to be useful to prospective equipment and service providers.

and

(c) Two (2) CD-ROMs, each containing a complete copy of the Public Version of the Final Report. The electronic files on the CD-ROMs shall be submitted in a commonly accessible read-only format. As these CD-ROMs will be available for public distribution, they must not contain any confidential information. It is the responsibility of the Contractor to ensure that no confidential information is contained on the CD-ROMs.

The Contractor shall also provide one (1) copy of the Public Version of the Final Report to the Foreign Commercial Service Officer or the Economic Section of the U.S. Embassy in Host Country for informational purposes.

(3) Final Report Presentation

All Final Reports submitted to USTDA must be paginated and include the following:

(a) The front cover of every Final Report shall contain the name of the Client, the name of the Contractor who prepared the report, a report title, USTDA's logo, USTDA's mailing and delivery addresses. If the complete version of the Final Report contains confidential information, the Contractor shall be responsible for labeling the front cover of that version of the Final Report with the term "Confidential Version." The Contractor shall be responsible for labeling the front cover of the Public Version of the Final Report with the term "Public Version." The front cover of every Final Report shall also contain the following disclaimer:

"This report was funded by the U.S. Trade and Development Agency (USTDA), an agency of the U. S. Government. The opinions, findings, conclusions or recommendations expressed in this document are those of the author(s) and do not necessarily represent the official position or policies of USTDA. USTDA makes no representation about, nor does it accept responsibility for, the accuracy or completeness of the information contained in this report."

(b) The inside front cover of every Final Report shall contain USTDA's logo, USTDA's mailing and delivery addresses, and USTDA's mission statement.

Camera-ready copy of USTDA Final Report specifications will be available from USTDA upon request.

(c) The Contractor shall affix to the front of the CD-ROM a label identifying the Host Country, USTDA Activity Number, the name of the Client, the name of the Contractor who prepared the report, a report title, and the following language:

“The Contractor certifies that this CD-ROM contains the Public Version of the Final Report and that all contents are suitable for public distribution.”

(d) The Contractor and any subcontractors that perform work pursuant to the Grant Agreement must be clearly identified in the Final Report. Business name, point of contact, address, telephone and fax numbers shall be included for Contractor and each subcontractor.

(e) The Final Report, while aiming at optimum specifications and characteristics for the Project, shall identify the availability of prospective U.S. sources of supply. Business name, point of contact, address, telephone and fax numbers shall be included for each commercial source.

(f) The Final Report shall be accompanied by a letter or other notation by the Client which states that the Client approves the Final Report. A certification by the Client to this effect provided on or with the invoice for final payment will meet this requirement.

J. Modifications

All changes, modifications, assignments or amendments to this contract, including the appendices, shall be made only by written agreement by the parties hereto, subject to written USTDA approval.

K. Study Schedule

(1) Study Completion Date

The completion date for the Study, which is June 30, 2011, is the date by which the parties estimate that the Study will have been completed.

(2) Time Limitation on Disbursement of USTDA Grant Funds

Except as USTDA may otherwise agree, (a) no USTDA funds may be disbursed under this contract for goods and services which are provided prior to the Effective Date of the Grant Agreement; and (b) all funds made available under the Grant Agreement must be disbursed within four (4) years from the Effective Date of the Grant Agreement.

L. Business Practices

The Contractor agrees not to pay, promise to pay, or authorize the payment of any money or anything of value, directly or indirectly, to any person (whether a governmental official or private individual) for the purpose of illegally or improperly inducing anyone to take any action favorable to any party in connection with the Study. The Client agrees not to receive any such payment. The Contractor and the Client agree that each will require that any agent or representative hired to represent them in connection with the Study will comply with this paragraph and all laws which apply to activities and obligations of each party under this Contract, including but not limited to those laws and obligations dealing with improper payments as described above.

M. USTDA Address and Fiscal Data

Any communication with USTDA regarding this Contract shall be sent to the following address and include the fiscal data listed below:

U.S. Trade and Development Agency
1000 Wilson Boulevard, Suite 1600
Arlington, Virginia 22209-3901
USA

Phone: (703) 875-4357
Fax: (703) 875-4009

Fiscal Data:

Appropriation No.:	11 9/10 1001
Activity No.:	2009-810028A
Reservation No.:	2009810039
Grant No.:	GH2009810012

N. Definitions

All capitalized terms not otherwise defined herein shall have the meaning set forth in the Grant Agreement.

O. Taxes

USTDA funds provided under the Grant Agreement shall not be used to pay any taxes, tariffs, duties, fees or other levies imposed under laws in effect in Host Country. Neither the Client nor the Contractor will seek reimbursement from USTDA for such taxes, tariffs, duties, fees or other levies.

ANNEX 5

COMPANY INFORMATION

A. Company Profile

Provide the information listed below relative to the Offeror's firm. If the Offeror is proposing to subcontract some of the proposed work to another firm(s), the information below must be provided for each subcontractor.

1. Name of firm and business address (street address only), including telephone and fax numbers:
2. Year established (include predecessor companies and year(s) established, if appropriate).
3. Type of ownership (e.g. public, private or closely held).
4. If private or closely held company, provide list of shareholders and the percentage of their ownership.
5. List of directors and principal officers (President, Chief Executive Officer, Vice-President(s), Secretary and Treasurer; provide full names including first, middle and last). Please place an asterisk (*) next to the names of those principal officers who will be involved in the Feasibility Study.
6. If Offeror is a subsidiary, indicate if Offeror is a wholly-owned or partially-owned subsidiary. Provide the information requested in items 1 through 5 above for the Offeror's parent(s).

7. Project Manager's name, address, telephone number, e-mail address and fax number .

B. Offeror's Authorized Negotiator

Provide name, title, address, telephone number, e-mail address and fax number of the Offeror's authorized negotiator. The person cited shall be empowered to make binding commitments for the Offeror and its subcontractors, if any.

C. Negotiation Prerequisites

1. Discuss any current or anticipated commitments which may impact the ability of the Offeror or its subcontractors to complete the Feasibility Study as proposed and reflect such impact within the project schedule.
2. Identify any specific information which is needed from the Grantee before commencing contract negotiations.

D. Offeror's Representations

Please provide exceptions and/or explanations in the event that any of the following representations cannot be made:

1. Offeror is a corporation *[insert applicable type of entity if not a corporation]* duly organized, validly existing and in good standing under the laws of the State of _____. The Offeror has all the requisite corporate power and authority to conduct its business as presently conducted, to submit this proposal, and if selected, to execute and deliver a contract to the Grantee for the performance of the Feasibility Study. The Offeror is not debarred, suspended, or to the best of its knowledge or belief, proposed for debarment, or ineligible for the award of contracts by any federal or state governmental agency or authority. The Offeror has included, with this

proposal, a certified copy of its Articles of Incorporation, and a certificate of good standing issued within one month of the date of its proposal by the State of _____.

2. Neither the Offeror nor any of its principal officers have, within the three-year period preceding this RFP, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a federal, state or local government contract or subcontract; violation of federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, violating federal or state criminal tax laws, or receiving stolen property.
3. Neither the Offeror, nor any of its principal officers, is presently indicted for, or otherwise criminally or civilly charged with, commission of any of the offenses enumerated in paragraph 2 above.
4. There are no federal or state tax liens pending against the assets, property or business of the Offeror. The Offeror, has not, within the three-year period preceding this RFP, been notified of any delinquent federal or state taxes in an amount that exceeds \$3,000 for which the liability remains unsatisfied. Taxes are considered delinquent if (a) the tax liability has been fully determined, with no pending administrative or judicial appeals; and (b) a taxpayer has failed to pay the tax liability when full payment is due and required.
5. The Offeror has not commenced a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law. The Offeror has not had filed against it an involuntary petition under any bankruptcy, insolvency or similar law.

The selected Offeror shall notify the Grantee and USTDA if any of the representations included in its proposal are no longer true and correct at the time of its entry into a contract with the Grantee. USTDA retains the right to request an updated certificate of good standing from the selected Offeror.

Signed: _____
(Authorized Representative)

Print Name: _____

Title: _____

Date: _____